

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 2718-01
BILL NO. HB 1301
SUBJECT: Sales/Use Tax on All Motor Vehicles
TYPE: Original
DATE: January 31, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Highway Fund	(\$135,869,068)	(\$156,308,807)	(\$164,124,247)
General Revenue	(\$95,697,987)	(\$100,457,727)	(\$105,480,613)
School District Trust Fund	(\$31,445,757)	(\$39,621,654)	(\$41,602,737)
Conservation Sales Tax Fund	(\$9,304,153)	(\$9,769,361)	(\$10,257,829)
Parks & Soils Sales Tax Fund	(\$7,449,609)	(\$9,386,507)	(\$9,855,833)
Total Estimated Net Effect on <u>All</u> State Funds	(\$279,766,574)	(\$315,544,056)	(\$331,321,259)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Cities	(\$20,271,000)	(\$28,380,000)	(\$29,797,000)
County Aid Road Trust Fund	(\$13,513,000)	(\$18,919,000)	(\$19,865,000)
Total Estimated Net Effect on Local Funds	(\$33,784,000)	(\$47,299,000)	(\$49,662,000)

Numbers within parentheses: () indicate costs or losses

FISCAL ANALYSIS

ASSUMPTION

The **Missouri Highway Patrol (MHP)** does not expect to be fiscally impacted since the MHP is already exempt from sales tax.

The **Department of Revenue (DOR)** assumes that costs of \$23,961 would be incurred by the Motor Vehicle Bureau for procedure revisions, envelopes and postage. This proposal would result in a substantial loss of revenue. The revenue loss is based on the FY99 sales and use tax paid to the DOR using an effective date of 8/28/2000, and a growth rate of 5% per year. An exemption on all motor vehicles for sales and use tax would result in a loss to the various Motor Vehicle Sales Tax Funds of approximately \$315 million in FY 2002.

The **Department of Highway (DHT)** assumes that there would be a substantial decrease in revenue generated. The DHT indicated that it would defer to the DOR's estimates.

The **Office of Administration (COA), Division of Budget & Planning** concurs with DOR's estimate of lost revenue.

This bill would reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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HIGHWAY FUND

Cost - DOR

Forms and policies - printing and postage	(\$23,961)	\$0	\$0
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Loss

Exemption from Tax	(135,845,107)	(156,308,807)	(164,124,247)
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**ESTIMATED NET EFFECT ON
HIGHWAY FUND**

(\$135,869,068)(\$156,308,807)(\$164,124,247)

GENERAL REVENUE FUND

Loss

Exemption from Tax	(\$95,674,026)	(\$100,457,727)	(\$105,480,613)
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

(\$95,674,026)(\$100,457,727)(\$105,480,613)

SCHOOL DISTRICT TRUST FUND

Loss

Exemption from Tax	(\$31,445,757)	(\$39,621,654)	(\$41,602,737)
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**ESTIMATED NET EFFECT ON
SCHOOL DISTRICT TRUST FUND**

(\$31,445,757) (\$39,621,654) (\$41,602,737)

CONSERVATION SALES TAX FUND

Loss

Exemption from Tax	(\$9,304,153)	(\$9,769,361)	(\$10,257,829)
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**ESTIMATED NET EFFECT ON
CONSERVATION SALES TAX FUND
FISCAL IMPACT - State Government**

(\$9,304,153) (\$9,769,361) (\$10,257,829)
 FY 2001 FY 2002 FY 2003

(continued)

(10 Mo.)

PARKS & SOILS SALES TAX

Loss

Exemption from Tax (\$7,449,609) (\$9,386,507) (\$9,855,833)

**ESTIMATED NET EFFECT ON
PARKS & SOILS SALES TAX**

(\$7,449,609) (\$9,386,507) (\$9,855,833)

FISCAL IMPACT - Local Government

FY 2001 FY 2002 FY 2003
(10 Mo.)

LOCAL

Loss-Cities

Exemption from Tax (\$20,271,000) (\$28,380,000) (\$29,797,000)

Loss-County Aid Road Trust Fund

Exemption from Tax (\$13,513,000) (\$18,919,000) (\$19,865,000)

**ESTIMATED NET EFFECT ON
LOCAL FUNDS**

(\$33,784,000) (\$47,299,000) (\$49,662,000)

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact on small businesses who purchase automobiles and a slight impact on car dealerships.

DESCRIPTION

The proposal exempts sales of motor vehicles from state and local sales and use taxes.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

PMM:LR:OD:005 (9-94)

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Department of Revenue
Office of Administration
Division of Budget & Planning
Department of Public Safety
Missouri Highway Patrol
Department of Transportation

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
January 31, 2000